



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 9, 2005

H.R. 3421

A bill to reauthorize the United States Grain Standards Act, to facilitate the official inspection at export port locations of grain required or authorized to be inspected under such act, and for other purposes

As ordered reported by the House Committee on Agriculture on July 27, 2005

SUMMARY

H.R. 3421 would reauthorize and amend the United States Grain Standards Act. The legislation would extend the authority to appropriate funds for certain activities of the Grain Inspection, Packers, and Stockyards Administration (GIPSA), an agency of the U.S. Department of Agriculture (USDA), through 2010. The legislation also would extend GIPSA's authority to collect and spend fees for certain grain inspection and weighing services during the same period and would allow private entities to perform export inspection and weighing services under government supervision.

CBO estimates that implementing this bill would cost \$77 million over the 2006-2010 period, assuming appropriation of the necessary amounts. Enacting the bill would affect direct spending; however, CBO estimates that such effects would not be significant in any year.

H.R. 3421 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would extend the USDA's authority to collect fees from state agencies to which it has delegated certain responsibilities under the Grain Standards Act, but the agencies pay those fees as a condition of participating in a voluntary federal program.

By extending the United States Grain Standards Act, H.R. 3421 would impose a private-sector mandate, as defined in UMRA, on grain exporters in the form of fees. Based on information provided by government sources, CBO estimates that the aggregate direct costs of complying with the mandate would be about \$25 million, and consequently well below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture). For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2006, that the estimated amounts will be appropriated for each fiscal year, and that outlays will follow historical patterns of spending by GIPSA.

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
GIPSA Spending Under Current Law						
Budget Authority ^a	17	0	0	0	0	0
Estimated Outlays	17	15	0	0	0	0
Proposed Changes						
Estimated Authorization Level	0	18	18	19	19	20
Estimated Outlays	0	2	18	18	19	20
GIPSA Spending Under H.R. 3421						
Estimated Authorization Level ^a	17	18	18	19	19	20
Estimated Outlays	17	17	18	18	19	20
a. The 2005 level is the amount appropriated for that year to the Grain Inspection, Packers, and Stockyards Administration for standardization and compliance activities related to grain inspection and weighing services. In addition to spending subject to appropriation, the bill would reauthorize the collection and spending of fees for inspection and weighing services. CBO estimates that the net effect on direct spending from those provisions would be negligible each year.						

BASIS OF ESTIMATE

CBO estimates that implementing the bill would cost \$2 million in 2006 and \$77 million over the 2006-2010 period, assuming appropriation of the necessary amounts.

The legislation would extend the authority to appropriate funds to establish standards and monitor grain inspection and weighing services provided on a fee-for-service basis under the United States Grain Standards Act. Under current law, the authority to appropriate funds and to collect fees for inspection and weighing services expires on September 30, 2005. The legislation would extend those authorities until September 30, 2010.

For 2005, GIPSA received an appropriation of \$37 million, of which an estimated \$17 million was used for activities related to establishing standards and monitoring grain inspection and weighing services. Based on the agency's current budget and adjusting for anticipated inflation, CBO estimates that extending the authorization of appropriations for those services would require appropriations of \$18 million in 2006 and \$94 million over the 2006-2010 period.

The bill also would extend the authority of GIPSA to collect and spend fees for inspection and weighing services and would allow private entities to perform export inspection and weighing services under government supervision.

Federal fee collections would likely decline over time as export inspection and weighing services were privatized. In the short term, however, fees could be increased or continued at current levels to cover the costs associated with early termination of federal workers who currently perform those services. Because fee collections would be adjusted to offset those costs, CBO estimates that the legislation would not have a significant net effect on direct spending in any year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3421 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would extend the USDA's authority to collect fees from state agencies to which it has delegated certain responsibilities under the Grain Standards Act, but the agencies pay those fees as a condition of participating in a voluntary federal program.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

By extending the United States Grain Standards Act, H.R. 3421 would impose a private-sector mandate, as defined in UMRA, on grain exporters in the form of fees. Under current law, the Federal Grain Inspection Service's authority to collect fees from grain exporters requesting its services expires at the end of fiscal year 2005. This bill would extend that authority through fiscal year 2010. Based on information provided by government sources, CBO expects that the fees collected from grain exporters would amount to about \$25 million in fiscal year 2006. Consequently, the cost of complying with the mandate would be well below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

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